

Retransmission Consent Rate Reform

(November 1, 2011)

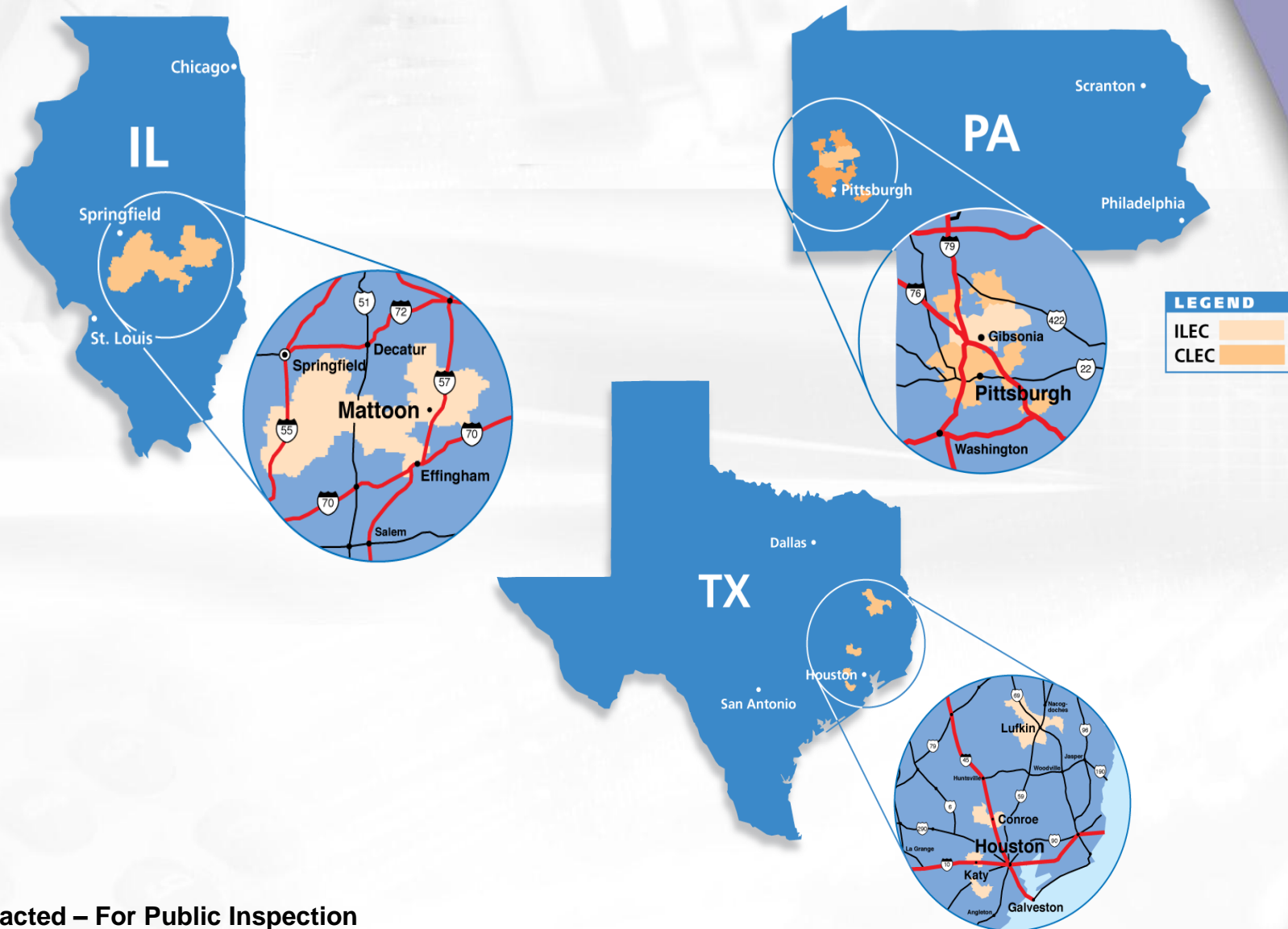


Redacted – For Public Inspection

Consolidated's IPTV Service

- **Initial service launch:**
 - **Mattoon, Illinois in 2005**
 - **Houston, Texas in 2006**
 - **Pittsburgh, Pennsylvania in 2008**
- **Network infrastructure platforms include:**
 - **ADSL2+ (20Mb/s)**
 - **ADSL2+ bonded (34Mbs/s)**
 - **FTTH (70Mb/s)**
 - **Over 10,000 miles of fiber network**
- **211,000 homes passed in combined markets**
- **Serve 5 separate DMAs**
- **275+ total channels; 49 off-air channels**

Consolidated's Market Areas



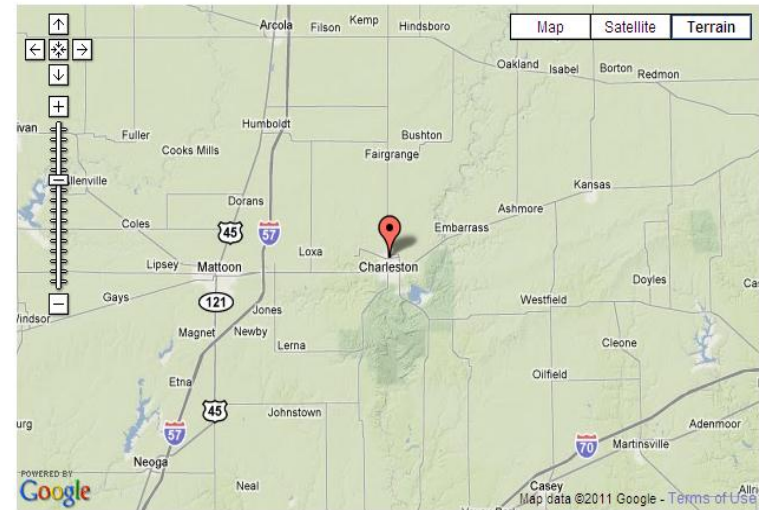
Illinois Broadcast Market

- XXXXX homes passed
- XX% market penetration
- DMA's Served:
 - St. Louis
 - Chmpg./Decatur/Spfld.
- Major Competitors:
 - Dish Network
 - DIRECTV
 - Mediacom
 - NewWave

Signal Legends

Strong	Moderate	Weak	No Signal

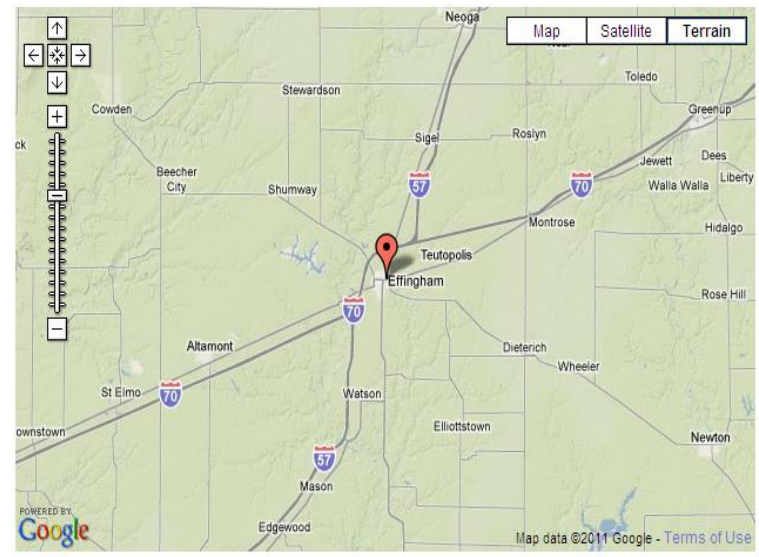
Callsign	Network	Virtual Channel	Band
Click on callsign for detail			
WEIU	PBS	51-1	UHF
WICD	NBC	15-1	UHF
WAND	NBC	17-1	UHF
WBUI	CW	23-1	UHF
WCIA	CBS	3-1	UHF
WILL	PBS	12-1	Hi-V
WTHI	CBS	10-1	Hi-V
WTWO	NBC	2-1	UHF
WFXW	FOX	38-1	UHF
WUSI	ETV	16-1	UHF
WICS	NBC	20-1	UHF
WRSP	FOX	55-1	UHF
WCCU	FOX	27-1	UHF



Signal Legends

Strong	Moderate	Weak	No Signal

Callsign	Network	Virtual Channel	Band
Click on callsign for detail			
WUSI	ETV	16-1	UHF
WEIU	PBS	51-1	UHF
WBUI	CW	23-1	UHF
WTHI	CBS	10-1	Hi-V
WTWO	NBC	2-1	UHF
WFXW	FOX	38-1	UHF
WRSP	FOX	55-1	UHF
WILL	PBS	12-1	Hi-V
WICS	NBC	20-1	UHF
WAND	NBC	17-1	UHF
WCIA	CBS	3-1	UHF
WSIU	PBS	8-1	Hi-V
WICD	NBC	15-1	UHF



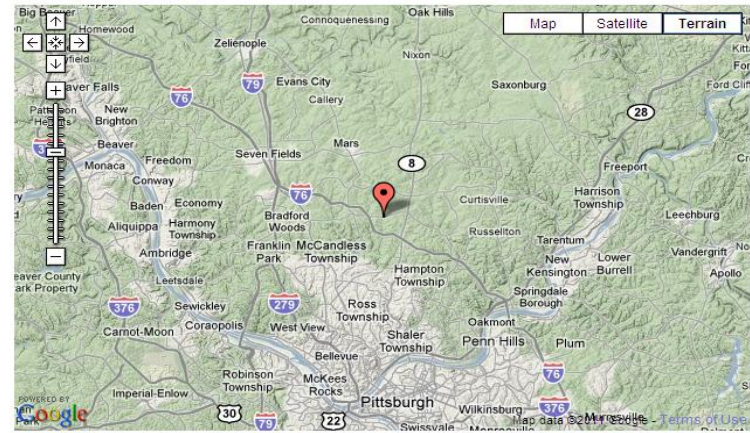
Pennsylvania Broadcast Market

- XXXXX homes passed
- XX% market penetration
- DMA's Served:
 - Pittsburgh
- Major Competitors:
 - Dish Network
 - DIRECTV
 - Comcast
 - Armstrong

Signal Legends

Callsign	Network	Virtual Channel	Band
KDKA	CBS	2-1	UHF
WPGH	FOX	53-1	UHF
WPXI	NBC	11-1	UHF
WQEX	IND	16-1	UHF
WQED	PBS	13-1	HI-V
WPMY	MYTV	22-1	UHF
WPCW	CW	19-1	HI-V
WTAE	ABC	4-1	UHF
WPCB	IND	40-1	UHF
WTOV	NBC	9-1	HI-V
WWCP	FOX	8-1	HI-V
WKBN	CBS	27-1	UHF
WFMJ	NBC	21-1	UHF
WNPB	PBS	24-1	UHF
WTRF	CBS	7-1	HI-V
WJAC	NBC	6-1	UHF

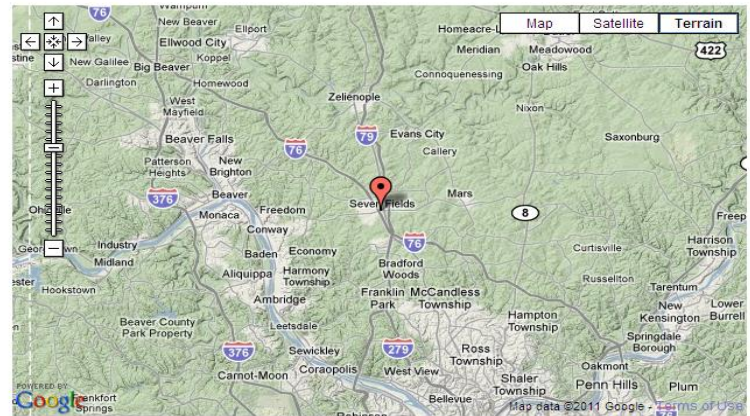
Click on callsign for detail



Signal Legends

Callsign	Network	Virtual Channel	Band
KDKA	CBS	2-1	UHF
WPMY	MYTV	22-1	UHF
WPGH	FOX	53-1	UHF
WPCW	CW	19-1	HI-V
WPXI	NBC	11-1	UHF
WQED	PBS	13-1	HI-V
WQEX	IND	16-1	UHF
WKBN	CBS	27-1	UHF
WFMJ	NBC	21-1	UHF
WTOV	NBC	9-1	HI-V
WTAE	ABC	4-1	UHF
WYTV	ABC	33-1	UHF
WPCB	IND	40-1	UHF
WNEO	PBS	45-1	UHF
WTRF	CBS	7-1	HI-V
WWCP	FOX	8-1	HI-V

Click on callsign for detail



Texas Broadcast Market

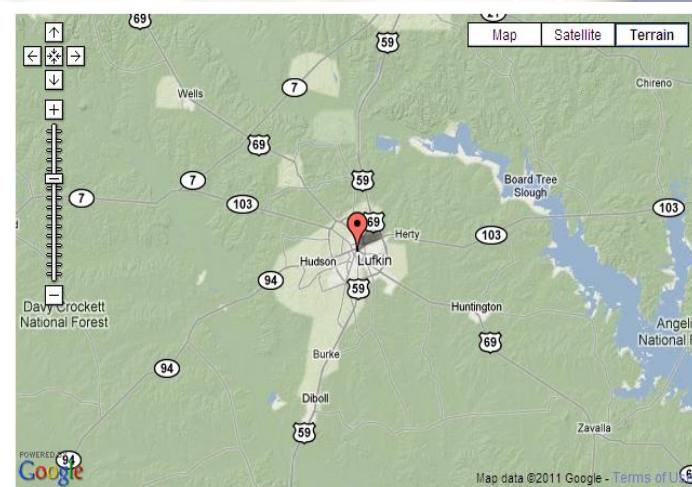
- XXXXX homes passed
- XX% market penetration
- DMA's Served:
 - Tyler/Nacogdoches
 - Houston
- Major Competitors:
 - Dish Network
 - DIRECTV
 - Comcast
 - Suddenlink

Signal Legends

Strong	Moderate	Weak	No Signal

Callsign	Network	Virtual Channel	Band
KTRE ABC	9-1	Hi-V	
KYTX CBS	19-1	UHF	
KETK NBC	56-1	UHF	
KFXK FOX	51-1	UHF	
KCEB CW	54-1	UHF	
KBTX CBS	3-1	UHF	

Click on callsign for detail

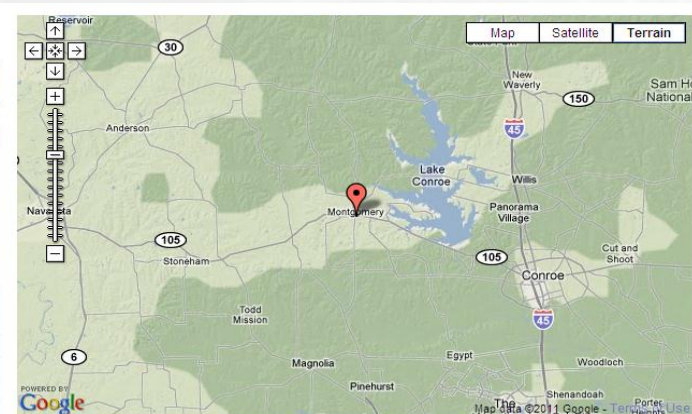


Signal Legends

Strong	Moderate	Weak	No Signal

Callsign	Network	Virtual Channel	Band
KBTX CBS	3-1	UHF	
KTXH MYTV	20-1	UHF	
KETH TBN	14-1	UHF	
KPRC NBC	2-1	UHF	
KTMD TELEMUNDO	47-1	UHF	
KPXB ION	49-1	UHF	
KIAH CW	39-1	UHF	
KNWS IND	51-1	UHF	
KXLN UNIVISION	45-1	UHF	
KUBE unknown	57-1	UHF	
KFTH TELEFUTURA	67-1	UHF	
KTBU IND	55-1	UHF	
KTRK ABC	13-1	Hi-V	
KRIV FOX	26-1	UHF	
KHOU CBS	11-1	Hi-V	
KUHT PBS	8-1	Hi-V	
KZJL IND	61-1	UHF	
KYLE FOX	28-1	UHF	
KAMU PBS	15-1	Hi-V	

Click on callsign for detail



Why Retransmission Consent Rules Must be Reformed

- Large portions of all of our markets can no longer receive reliable, high-quality over-the-air signals.
- Territorial exclusivity rules prevent competition in the marketplace.
- Broadcast content providers have no incentive to negotiate with small operators and use the current rules to hold systems and subscribers hostage, without recourse.
- Broadcast content is available directly to consumers on-demand on content provider websites, yet operators are still being over-charged for retransmission rights.
- Rate increases for smaller operators are much larger than those for major operators who have more negotiating power across broadcast markets.
 - Recent negotiations between DirecTV and Fox have revealed a proposed 40% increase. Similar “off-air” retransmission rate increases proposed to Consolidated exceed XX%

Over-the-Air (OTA) Rate Increases

**Confidential and Propriety
Information**

Retransmission Rate Effects

Subscriber Effects

- **Pass-through rate increases varying from \$XX to \$XX per subscriber annually in addition to non-broadcast increases**
- **Several channels producing emerging or ethnic content will not be renewed to reduce overall costs**
- **“Lifeline” service tiers will become unaffordable for many**

Consolidated Effects

- **Confidential and Propriety Information**

Suggested Solutions

- **Eliminate network non-duplication and syndicated exclusivity rules and affirmatively ban anticompetitive agreements invoking territorial exclusivity protections**
- **Prohibit behavior that would deny customers access to significantly viewed distant signals**
- **Revise retransmission consent rules by giving operators flexibility to:**
 1. **Itemize per channel rates on bills**
 2. **Tier broadcast channels (no forced basic carriage)**
- **Exclude “lifeline” service tier subscribers from OTA reporting**
- **Create benchmark pricing schedule**
- **Require public disclosure of retransmission charges and MFN clauses in each broadcast contract**